TEHAMA COUNTY SOLID WASTE

MANAGEMENT AGENCY

BASIC FINANCIAL STATEMENTS

JUNE 30, 2024

Prepared by:

Paul Freund
Agency Manager

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Tehama County Solid Waste Management Agency
Basic Financial Statements
For the year ended June 30, 2024

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Elected Officials and Administrative Personnel

BOARD OF DIRECTORS

Title	Name	Jurisdiction	Term end
Vice Chair	Kris Deiters	Red Bluff	December 2026
Chair	Candy Carlson	County	January 2025
Director	J.R. Gonzales	Red Bluff	December 2024
Director	John Leach	County	January 2025
Director	Shelly Hargens	Corning	December 2024
Director	Jim Bacquet	Tehama	December 2026
Director	Bill Moule	County	January 2025
Director	Cody Strock	Red Bluff	December 2026
Director	Matt Hansen	County	January 2027
Director	Pati Nolen	County	January 2027
Director	Clay Parker	Red Bluff	December 2024
Director	Lew Beitz	At-Large	December 2025
Director	Pat Hurton	Red Bluff	December 2026

MANAGEMENT

Paul Freund – Agency Manager

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Tehama County Solid Waste Management Agency
Red Bluff, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities of Tehama County Solid Waste Management Agency (Agency), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities of the Agency, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The Agency's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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1102 South Main Street, #1, Fort Bragg, CA 95437 ● phone (707) 964-6325
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In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on page 3-13, Schedule of Pension Contributions on page 38 and the Schedule of the Agency's Proportionate Share of the Net Pension Liability on page 38 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2025 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

JJACPA, Inc.

June 27, 2025

JJACPA, Inc.

Management's Discussion and Analysis

The Management's Discussion and Analysis section represents Tehama County Solid Waste Management Agency's basic financial statements and provides management's discussion and analysis of the Agency's financial performance during the fiscal year ended June 30, 2024. The management's discussion and analysis focus on current activities, resulting change and current known facts; therefore, it should be read in context with the Agency's basic financial statements (pages 12-14) and footnotes (pages 15-30).

Financial Highlights

- Total net assets at June 30, 2024 equaled $8,808,082. This is an increase of 15.5% over FY 2022/2023.

- Unrestricted net assets at June 30, 2024 equaled $619,345, as compared to $(205,708) at the fiscal year end June 30, 2023. Restricted assets at June 30, 2024 equaled $1,424,078, which did not change as compared to the previous period.

- Operating Income at June 30, 2024 equaled $860,986 as compared to $(374,456) in FY 2022/2023. Changes in net assets at June 30, 2024 equaled $1,181,739 as compared to $(237,866) at the close of FY 2022/2023.

Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis (this section), the financial statements and the notes to the financial statements.

The financial statements provide both long-term and short-term information about the Agency's overall financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

The Agency's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units on an accrual basis. Under this basis, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, and depreciation of assets is recognized in the Statement of Revenues, Expenses, and Changes in Net Assets.

The Statement of Net Assets presents the financial position of the Agency on a full accrual basis and provides information about the nature and amount of resources and obligations at year-end.

Financial Analysis of the Agency as a Whole

Net Position
As of June 30, 2024 and 2023

	2024	2023	Increase (Decrease)	Percent Change
Assets:				
Current assets	$ 7,083,790	$ 6,018,942	$ 1,064,848	17.7%
Non-current assets	6,764,659	6,407,973	356,686	5.6%
Total assets	13,848,449	12,426,915	1,421,534	11.4%
Deferred outflows: Pension plan	83,430	84,496	(1,066)	(1.3)%
Total assets and deferred outflows	13,931,879	12,511,411	1,420,468	10.2%
Liabilities:				
Current liabilities	66,387	121,993	(55,606)	(45.6)%
Non-current liabilities	5,053,216	4,751,918	301,298	6.3%
Total liabilities	5,119,603	4,873,911	245,692	5.0%
Deferred inflows: Pension Plan	4,194	11,157	(6,963)	(62.4)%
Total liabilities and deferred inflows	5,123,797	4,885,068	238,729	4.9%
Net position:				
Net investment in capital assets	6,764,659	6,407,973	356,686	5.6%
Restricted	1,219,022	1,424,078	(205,056)	(14.4)%
Unrestricted	824,401	(205,708)	1,030,109	(500.8)%
Total net position	$ 8,808,082	$ 7,626,343	$ 1,181,739	15.5%

In fiscal year ending June 30, 2024, Total Assets equaled $13,931,879 and Total Liabilities equaled $5,123,797. Capital Assets increased substantially during fiscal year ending June 30, 2020 due to an internal audit of Agency assets and the addition of assets not previously accounted for. Restricted assets consist of funds set aside for the closure and post closure activities of the Tehama County/Red Bluff Landfill.

Total Liabilities include Accrued Closure/Post Closure liabilities, accrued compensated absences and net pension liability. Accrued Closure/Post Closure liabilities increased by 8.32% as the cost estimate for closure and post closure maintenance did not increase as much as the prior year due to lower inflation rates. Accrued compensated absences decreased by 35.94% over the previous period. Net pension liability decreased by 84.37% as compared to the previous fiscal year. Net investment in capital assets, which includes both depreciable and non-depreciable capital assets, increased by $356,686 because of the reclassification of assets from depreciable to non-depreciable and the annual allocation of depreciation expense. The Agency does not have any long-term debt.

Net investment in capital assets, which includes both depreciable and non-depreciable capital assets, increased by $356,686 because of the reclassification of assets from depreciable to non-depreciable and the annual allocation of depreciation expense.

Financial Analysis of the Agency as a Whole, Continued

Operating results are summarized as follows:

Operating Results
For the years ended June 30, 2024 and 2023

	2024	2023	Increase (Decrease)	Percent Change
Operating revenues	$ 1,829,847	$ 1,430,137	$ 399,710	27.9%
Operating expenses	968,861	1,804,593	(835,732)	(46.3)%
Operating income (loss)	860,986	(374,456)	1,235,442	(329.9)%
Non-operating revenues	320,753	136,590	184,163	134.8%
Non-operating expenses	-	-	-	0.0%
Change in net position	1,181,739	(237,866)	1,419,605	(596.8)%
Net position:				
Beginning of year	7,626,343	7,864,209	(237,866)	(3.0)%
End of year	$ 8,808,082	$ 7,626,343	$ 1,181,739	(599.8)%

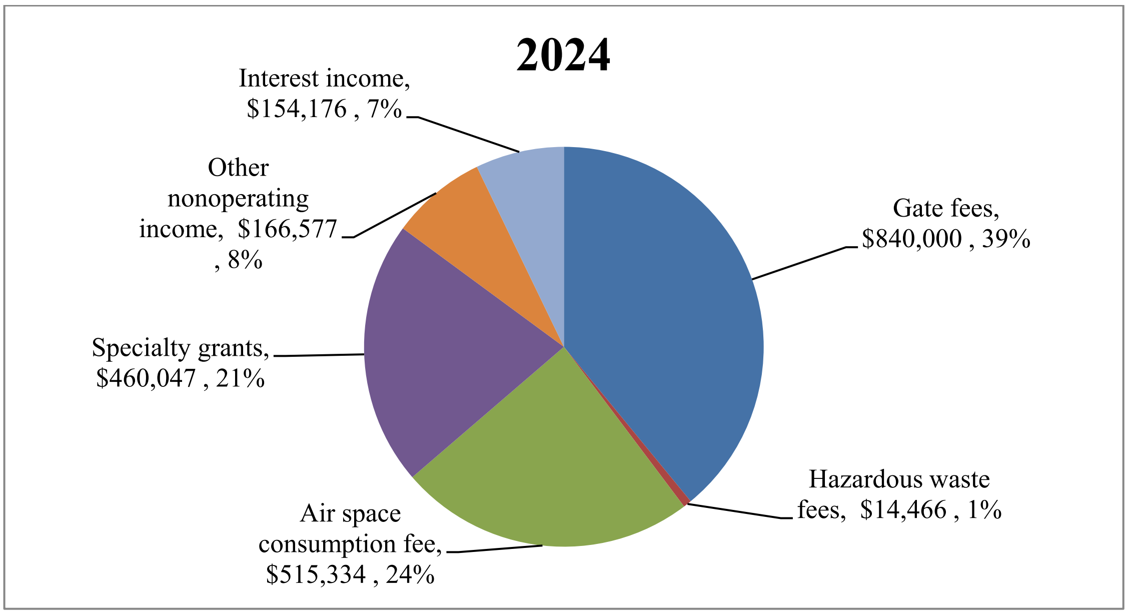
Operating expenses no longer include the CEQA study and soil sampling for the proposed composting facility, as this was able to be paid for with grant funding. Personnel and other administrative expenses include net pension liability and implementation of the Total Compensation Study. Depreciation for the year totaled $68,142, which includes typical depreciation for buildings and equipment for fiscal year ending June 30, 2024. Depreciation is much lower than prior year amounts due to the reclassification of depreciable assets to non-depreciable.

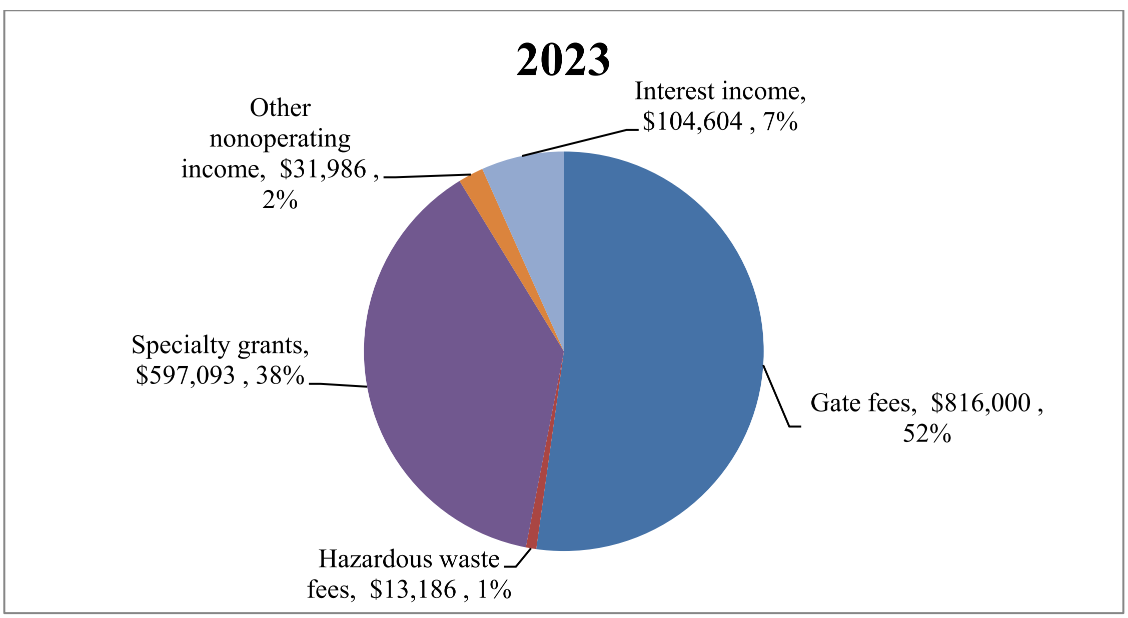
Operating revenue includes hazardous waste fees, grant funding, interest revenue on retained earnings, and gate fees, which provide a set JPA fee for $70,000 per month for fiscal year ending June 30, 2024.

Financial Analysis of the Agency as a Whole, Continued

The following is a graphic illustration of revenues by source:

Revenues by Source
Both Operating & Non-Operating





Financial Analysis of the Agency as a Whole, Continued

FY 2023-2024				FY 2022-2023			Increase (Decrease)
$	840,000	39.1%	**Gate fees**	$ 816,000	52.2%	$	24,000
	14,466	0.7%	**Hazardous waste fees**	13,186	0.8%		1,280
	515,334	24.0%	**Air space consumption fee**	-	0.0%		515,334
	460,047	21.4%	**Specialty grants**	597,093	38.2%		(137,046)
	166,577	7.7%	**Other nonoprating income**	31,986	2.0%		134,591
	154,176	7.2%	**Interest income**	104,604	6.7%		49,572
$	2,150,600	100.0%	**Totals**	$ 1,562,869	100.0%	$	587,731

The total revenue of the 2023-2024 fiscal year was higher than the prior year due to the air space consumption fee for FY 2022/23 of $570,972 not being included in the FY 2022/23 audit.

Operating expenses decreased by $835,732.

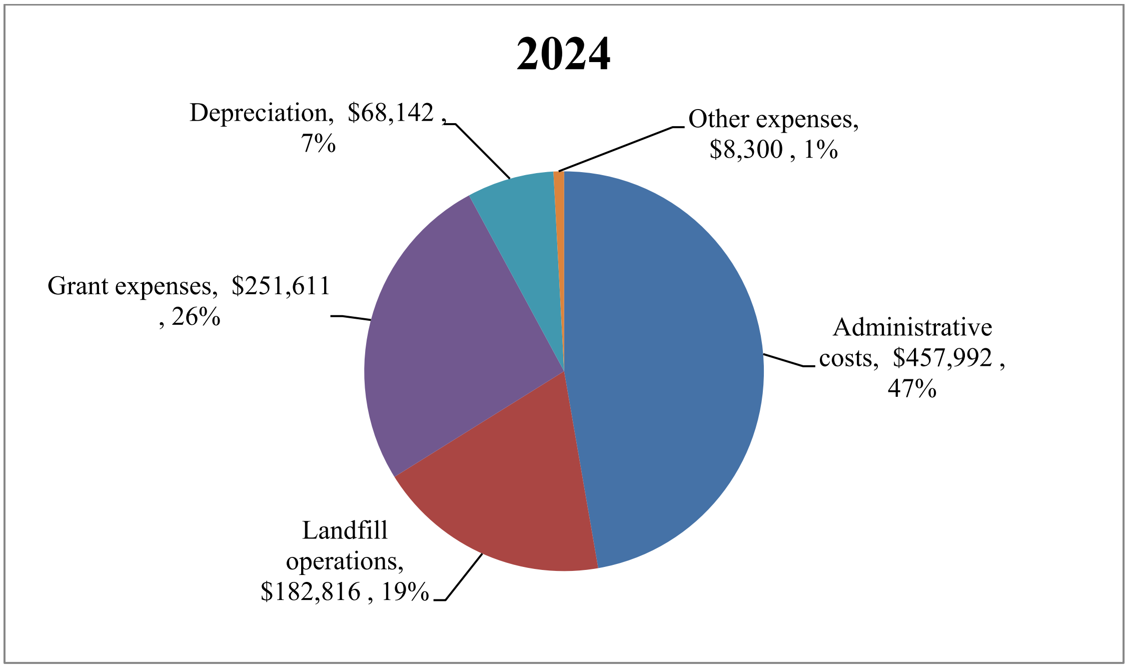
Operating Expenses
For the years ended June 30, 2024 and 2023

	2024	2023	Increase (Decrease)	Percent Change
Operating expenses:				
Administrative costs	$ 457,992	$ 733,937	$ (275,945)	(37.6)%
Landfill operations	182,816	501,700	(318,884)	(63.6)%
Grant expenses	251,611	265,293	(13,682)	(5.2)%
Depreciation	68,142	303,663	(235,521)	(77.6)%
Other expenses	8,300	-	8,300	100.0%
Total	$ 968,861	$ 1,804,593	$ (835,732)	(46.3)%

Operating expenses have fluctuated year over year depending on the projects the Agency was completing. Additional grant funding to comply with SB 1383 allowed the Agency to move expenses for the compost facility permitting to this funding source.

Financial Analysis of the Agency as a Whole, Continued

The following is a graphic illustration of operating expenses:



Net position increased by $1,181,739 as detailed below:

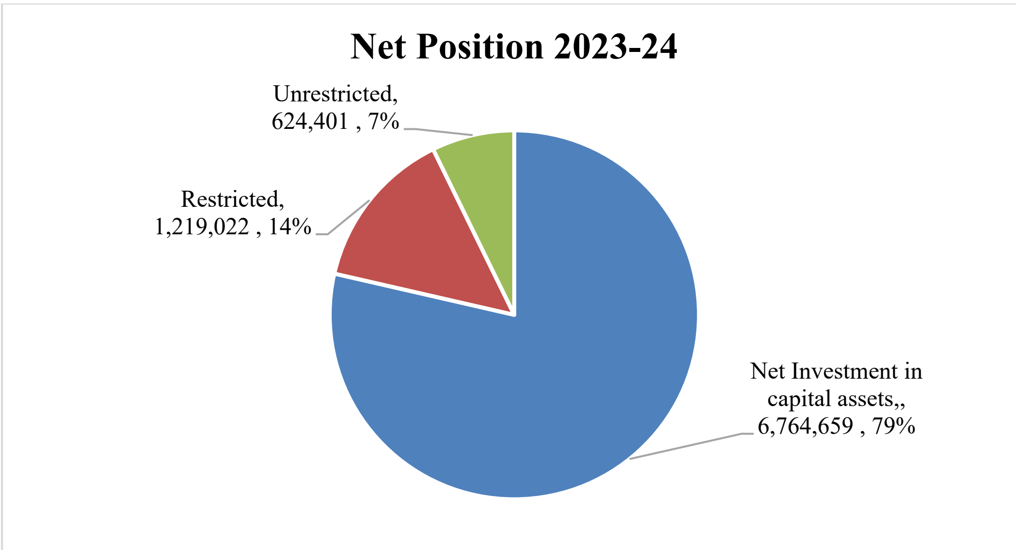
Analysis of Net Position
As of June 30, 2024 and 2023

	2024	2023	Increase (Decrease)	Percent Change
Net position:				
Net investment in capital assets	$ 6,764,659	$ 6,407,973	$ 356,686	5.6%
Restricted	1,219,022	1,424,078	(205,056)	0.0%
Unrestricted (deficit)	824,401	(205,708)	1,030,109	(500.8)%
Total	$ 8,808,082	$ 7,626,343	$ 1,181,739	15.5%

Total net position increased $1,181,739 from $7,626,343 to $8,808,082 from the prior fiscal year ended on June 30, 2023.

Financial Analysis of the Agency as a Whole, Continued

The following is a graphic illustration of net position:



Capital Assets

The following table summarizes the changes in net capital assets during fiscal year end June 30, 2023:

Capital Assets
For the years ended June 30, 2024 and 2023

	2024	2023	Increase (Decrease)	Percent Change
Non-Depreciable Assets	$ 4,416,984	$ 279,207	$ 4,137,777	1482.0%
Depreciable Capital Assets:				
Equipment	$ 1,812,587	$ 280,955	$ 1,531,632	545.2%
Computers and Office Equipment	-	9,238	(9,238)	(100.0)%
Facilities and Improvements	2,195,349	7,779,608	(5,584,259)	(71.8)%
Methane Gas System	497,105	497,105	-	0.0%
Vehicle	126,367	126,367	-	0.0%
Building	1,116,804	1,324,612	(207,808)	100.0%
Total	$ 10,165,196	$ 10,297,092	$ (131,896)	(1.3)%
Accumulated Depreciation	(3,400,537)	(3,889,119)	488,582	(12.6)%
Net capital assets	$ 6,764,659	$ 6,407,973	$ 356,686	5.6%

Net capital assets increased over fiscal year 2022-23 due to the reclassification of depreciable assets to non-depreciable assets, which required adding back prior year depreciation and resulted in an increase of $288,544 for 2023-24. This also resulted in lower depreciation between years for fewer depreciable assets.

Financial Analysis of the Agency as a Whole, Continued

Debt Administration

Long term debt historically included a debt from the California Department of Resources, Recycling, and Recovery (CalRecycle) loan originally retained by the Tehama County/Red Bluff Landfill Management Agency as a courtesy for the Tehama County Sanitary Landfill Agency. The loan was paid off during fiscal year 2015/16.

Economic Factors

As a result of the Landfill and Material Recovery Facility Operations Agreement with Waste Connections (Agreement), beginning July 1, 2023, the Agency received a flat fee of $70,000 per month. The flat fee provides a consistent revenue source for the Agency.

Future growth to expenditures is fluid, relying on employment levels, regulatory requirements and desired funding levels for public services that elevate public health and safety (such as litter abatement and household hazardous waste services). Effective July 1, 2015, the Tehama County Sanitary Landfill Agency was dissolved. All assets and liabilities were absorbed by the Tehama County/Red Bluff Landfill Management Agency, which was subsequently renamed the Tehama County Solid Waste Management Agency. As a result of the consolidation, the Agency operational structure changed significantly. Many of these factors are discussed below.

Revenue

Increases to Tonnage – The Agency raised the flat fee (JPA fee) from $38,000 at the beginning of the Agreement between the Agency and Waste Connections to $70,000 per month to cover all of the Agency's current operating costs as well as costs previously incurred by the Tehama County Sanitary Landfill Agency, including Assembly Bill 939 implementation and household hazardous waste facility management costs. The Agency reserves the right to increase or reduce the JPA fee in the event the cost to operate the Agency is more or less than the fee received on an annual basis. As such, the JPA fee is independent of tonnage and will be reassessed each year. The Agency was able to use a combination of reserves and a transfer from the undesignated closure fund to fund the new office, and CEQA and related permitting activities to permit a composting facility were covered by the SB 1383 grant. As such, the JPA fee was not increased in FY 2015/16 despite the new Agency office being constructed, nor was it increased in FY 2016/2017. The Agency increased the JPA fee in FY 2017/2018, FY 2018/2019, FY 2019/2020, and FY 2020/2021, decreased it from $57,000 to $53,000 in FY 2021/2022, then increased it to $68,000 in FY 2022/23 and to $70,000 in FY 2023/24. In FY 2017/2018, the Agency transferred $400,000 from its retained earnings reserves to the undesignated closure fund to repay the bulk of the office building loan. The remaining balance of $107,376 was repaid during the fiscal year ending June 30, 2019. As such, the debt is repaid in full.

Economic Factors, Continued

Miscellaneous Revenue – The Agency can receive other revenue from a variety of sources, including donations and contracted consulting. Most miscellaneous revenue from FY 2023/2024 came from charges to small businesses for use of the household hazardous waste (HHW) program, grazing lease payments, PaintCare reuse payments. In July 2023 the Agency transferred management of the used oil recycling facility to Waste Connections, as such the Agency no longer receives certified used oil recycling center incentive fund payments.

Expenditures

Personnel – In developing annual budgets, the Agency first accounts for the estimated salaries, wages and benefits of Agency personnel. In FY 2023/2024, Agency salary and benefits costs continued to increase as a result of implementation of the Total Compensation Study. Personnel costs account for over 50% of the Agency's recurring expenditures. Expenditures related to personnel are subject to change based on factors that can be outside of Agency control, including retirement contribution rates and unfunded liabilities, health insurance costs, and wage increases due to collective bargaining on behalf of the unionized positions. The Agency Manager's salary and benefits are determined by a three-year contract agreement approved by the Agency. A new agreement was entered into in FY 2021/2022 that included an agreed-upon salary increase. All other Agency needs are provided by contractors or the County of Tehama.

Insurance – The Agency pays insurance for worker's compensation, special liability, and property. The last several years have seen minor increases in special liability, partly due to industry-wide increases, and partly due to past claims against the Agency. In FY 2019/2020, the Agency renewed its three-year pollution liability policy, which did not result in a substantial change in premium, despite the methane gas migration resulting from the landfill gas collection system being offline to accommodate the closure of Phase I. Since worker's compensation rates are based on a combination of claims history and staffing levels, future rates will likely increase as the Agency sustained one industrial injury at the end of FY 2017/2018. That being said, the Agency participates in a pooled worker's compensation program with Tehama County. Ultimately increases or decreases rely on the overall Tehama County insurance usage.

Agency Special Programs – In recent years, Agency surpluses have been used to expand programs county-wide that increase the health and safety of County residents. Examples of these programs include household hazardous waste collection events, medical waste sharps collection program, fluorescent light recycling program, alkaline battery recycling program, 4R Kids Exhibit outreach, Reuse of Available Products (REAP) Facility, community cleanup events, illegal dumping/litter cleanup and single use propane cylinder collection at recreational areas throughout the County. Beginning March 1, 2014, the Agency assumed all expenses for both household hazardous waste facilities and all special programs, which increases the Agency's operating expenses. In FY 2021/2022, the Agency began the CEQA study and soil testing for a proposed composting at the Tehama County/Red Bluff Landfill. The multi-year project is being funded through prior year surpluses and limited-term grant funding. Beginning July 1, 2015, the Agency assumed all expenses related to AB 939 program implementation.

Economic Factors, Continued

The expenses are offset by an increase in revenue through the monthly payment by Waste Connections to the Agency and grant funding the Agency receives from other governmental organizations or local community organizations.

Pass-through Expenditures – Beginning July 1, 2015, the Tehama County Solid Waste Management Agency assumed all roles and responsibilities of the Tehama County Sanitary Landfill Agency. This includes grant-funded personnel costs that are reimbursed on a periodic basis or at the end of the grant term.

Regulatory Requirements – Beginning March 1, 2014, Waste Connections is responsible for all environmental regulatory requirements. Beginning FY 2016/2017, the Agency began the Phase I final closure project, which continued through FY 2017/2018 and ended in FY 2018/2019. Costs for the closure are attributed to the Agency's closure trust fund. While completing a review of the Phase I Closure cost estimate in 2017, the California Department of Resources Recycling and Recovery advised that the post-closure maintenance period for the Phase I Landfill will not commence until the entire site is closed. The current operations agreement with Waste Connections stipulates that the Agency will maintain Phase I during the post-closure maintenance period, which will not begin for approximately 25 years. In FY 2018/2019, the Agency began discussions with Waste Connections to expand its duties to include maintenance of Phase I, with reimbursement for actual time and expense. A contract amendment for the additional services was finalized in FY 2019/2020.

Other Expenditures – The Agency utilizes funding during daily operations for office expenses, communications, travel, legal notices, professional services and other expenses.

During FY 2019/2020, an audit of the Agency's assets resulted in the addition of $7.7 million of capital assets, including onsite buildings such as the Materials Recovery Facility and an equipment maintenance building, and onsite land improvements, including stormwater ponds. Land improvements and stormwater ponds were included as depreciable assets in the FY 2022/23 audit but have been placed in non-depreciable assets for FY 2023/24.

Other projects – In fiscal year 2008/09 the Agency assessed the viability of a site energy project to utilize landfill gas to create electricity. Bid documents were developed and one qualifying proposal was received. A landfill gas to electricity project was not financially viable for the Agency at the time. Reassessing the viability of a landfill gas to electricity project in the future is no longer recommended as California moves towards banning organics disposal in landfills and away from RNG to fuel vehicles.

However, the Agency may consider the viability of a project to use solar power to create electricity. At this time, the complete scope of the aforementioned project has not been determined; however, it could take the form of royalty payments (revenue) from a private entity, or as a decrease in expense for ongoing costs such as electricity. The viability of a solar project may depend on an agreement with Waste Connections, as the major power user on the site, and future land use of Phase I.

Economic Factors, Continued

In FY 2010/2011, the Agency began leasing acreage it owns south of the landfill for grazing purposes, providing an additional minor revenue source to the Agency.

In FY 2015/2016, the Agency constructed a new Agency office on property it owns west of the landfill entrance. The Agency used a majority of its reserves and a transfer from the closure fund to fund the new office. As a result, cash and cash equivalents decreased significantly and capital assets increased significantly during FY 2015/2016. Conservative spending during FY 2016/2017 and FY 2017/2018 resulted in an increase in retained earnings (reserves), allowing for the closure fund to be repaid in full during FY 2018/2019.

In FY 2020/2021, a Five-Year Permit Review for the Landfill's solid waste facility permit was completed. As part of the review, the landfill ancillary hours and total vehicle traffic were expanded. Additionally, the closure, post closure and corrective action cost estimates were updated. The new cost estimates are significantly higher than the previous cost estimate.

In FY 2020/2021, CalRecycle adopted solid waste management regulations that will require a reduction of organic waste disposal by 75% by 2025. These regulations (SB 1383) will result in a considerable increase in operating costs over the next fiscal years as the Agency works to develop required programs. In FY 2020/2021, the Agency added one additional full time equivalent position to the Agency's staffing level to implement the regulations. Additionally, during FY 2020/2021, the Agency contracted with third-party engineering firm to complete a feasibility study to site an aerobic, windrow composting facility at the Tehama County/Red Bluff Landfill, and prepare a Report of Composting Site Information to provide for a Project Description should the Agency Board of Directors choose to move forward with permitting and CEQA. The facility would be capable of composting up to 24,000 tons of organic waste per year, and meet the current and future needs of Tehama County organic waste generators. In FY 2021/2022, the Agency Board of Directors directed staff to begin the CEQA review and permitting process for the facility.

Contacting the Agency

This financial report is designed to provide our customers and creditors a general overview of the Agency's finances and to demonstrate the Agency's accountability for the money it receives and to which it is allocated through funding from grants and pass-through fees. If you have questions about this report, contact:

Tehama County Solid Waste Management Agency
20000 Plymire Road,
Red Bluff, CA 96080
Phone (530) 528-1103
Paul Freund, Agency Manager

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BASIC FINANCIAL STATEMENTS

Tehama County Solid Waste Management Agency

Statement of Net Position

June 30, 2024

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current assets:		
Cash and investments	$	5,755,246
Restricted cash and investments		1,219,022
Accounts receivable, net		70,000
Prepaid expenses		39,522
Total current assets		7,083,790
Noncurrent assets:		
Nondepreciable		4,416,984
Depreciable capital assets, net		2,347,675
Total noncurrent assets		6,764,659
Total assets		13,848,449
Deferred outflows: Pension plan		83,430
Total assets and deferred outflows	$	13,931,879
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
Current liabilities:		
Accounts payable and accrued liabilities	$	53,388
Compensated absences - current		12,999
Total current liabilities		66,387
Noncurrent liabilities:		
Accrued closure and postclosure care costs		4,722,555
Net pension liability		330,661
Total noncurrent liabilities		5,053,216
Total liabilities		5,119,603
Deferred inflows: Pension plan		4,194
Total liabilities and deferred inflows		5,123,797
NET POSITION		
Net investment in capital assets		6,764,659
Restricted		1,219,022
Unrestricted		824,401
Total Net Position		8,808,082
Total liabilities, deferred inflows and net position	$	13,931,879

The accompanying notes are an integral part of these basic financial statements.

Tehama County Solid Waste Management Agency
Statement of Revenues, Expenses, and Changes in Net Position
For the year ended June 30, 2024

OPERATING REVENUES:		
Gate fees	$	840,000
Hazardous waste fees		14,466
Air space consumption fee		515,334
Specialty grants		460,047
Total operating revenues		1,829,847
OPERATING EXPENSES:		
Administrative costs		457,992
Landfill operations		182,816
Grant expenses		251,611
Depreciation		68,142
Other expenses		8,300
Total operating expenses		968,861
Operating income (loss)		860,986
NONOPERATING REVENUES (EXPENSES):		
Other nonoperating revenue		166,577
Interest income		154,176
Total nonoperating revenues (expenses)		320,753
Change in Net Position		1,181,739
NET POSITION:		
Beginning of year		7,626,343
End of year	$	8,808,082

The accompanying notes are an integral part of these basic financial statements.

Tehama County Solid Waste Management Agency

Statement of Cash Flows

For the year ended June 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	$	1,299,800
Receipts from grantors		460,047
Payments to suppliers		(700,094)
Payments to employees		(339,154)
Net cash provided (used) by operating activities		720,599
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Other nonoperating receipts		166,577
Net cash provided (used) by noncapital financing activities		166,577
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received		154,176
Net cash provided (used) by investing activities		154,176
Net increase (decrease) in cash and cash equivalents		1,041,352
CASH:		
Beginning of year		5,932,916
End of year	$	6,974,268
FINANCIAL STATEMENT PRESENTATION:		
Cash and cash equivalents		5,755,246
Restricted cash and cash equivalents		1,219,022
Total cash and cash equivalents		6,974,268
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$	860,986
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation and amortization expense		68,142
Pension expense		(67,144)
Capital asset adjustment		(424,828)
Change in assets and liabilities:		
Accounts receivable		(70,000)
Prepaid expenses		46,504
Accounts payable and accrued liabilities		(32,435)
Compensated absences		(23,171)
Accrued closure and postclosure care costs		362,545
Net cash provided (used) by operating activities	$	720,599

The accompanying notes are an integral part of these basic financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Tehama County Solid Waste Management Agency (Agency) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Agency's significant accounting policies are described below.

Description of the Reporting Entity

Tehama County Solid Waste Management Agency (Agency) is a joint powers agency formed by an agreement between the County of Tehama, the City of Corning, City of Tehama and the City of Red Bluff. The Agency was formed by merging the prior Tehama County Sanitary Landfill Agency and the Tehama County/Red Bluff Landfill Management Agency. It was formed to operate, and have management oversight over, the operation of the landfill owned by Tehama County and the City of Red Bluff and oversight over contractors, including compliance with the terms of any contract entered into between the Agency and any contractor. The Agency ensures compliance with all laws imposed upon landfills, landfill operators and owners of landfills, and is responsible for the costs which will be incurred as a result of the closure of the landfill site.

Oversight responsibility, the ability to conduct independent financial affairs, issue debt instruments, approve budgets, and otherwise influence operations and account for fiscal matters is exercised by the Agency's Board of Directors. The Agency is a separate reporting entity for financial reporting purposes and the accompanying financial statements reflect the assets, liabilities, Net Position, revenues, and expenses of the Agency only.

As defined by GASB Statements No. 14 and 39, The Financial Reporting Entity, the Agency is not financially accountable for any other entity other than itself, nor are there any other entities for which the nature and significance of their relationship with the Agency are such that exclusion would cause the Agency' s financial statements to be misleading or incomplete.

In addition, based upon the above criteria, the Agency is not aware of any entity which would be financially accountable for the Agency which would result in the Agency being considered a component of the entity.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Fund Accounting Classification and Basis of Accounting

On the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net position, business-like activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of net income, financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Fund equity is classified as net position.

Agency funds are classified as enterprise funds, which account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The acquisition and capital improvement of the physical plant facilities required to provide these goods and services are financed from existing cash resources, the issuance of bonds, and cash flow from operations.

Cash and Equivalents

For purposes of the Statement of Cash Flows, the Agency considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Funds invested in the County Treasurer's investment pool are considered cash equivalents.

Cash balance held in banks and in revolving funds are insured to $250,000 by the Federal Deposit Insurance Corporation. Cash held in credit union is insured to $250,000 by the National Credit Union Administration.

Investments

In accordance with GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, amounts held in external investment pools are reported at fair value. The Agency uses the value of the pool shares held to approximate the fair value of the underlying cash and investments of the pool.

Restricted Cash and Cash Equivalents

Certain resources set aside for loan repayment, closure costs and postclosure maintenance costs are classified as restricted because their use is limited by applicable loan covenants.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Receivables

Receivables represent revenues earned but not collected. Receivables are uncollateralized and are valued at cost. Any losses on uncollectible accounts receivable are recognized when such losses become known or indicated. All receivables are adjusted to net realizable value when they are determined to be delinquent based on historical experience.

No allowance for doubtful accounts is presented in the accompanying financial statements as management considers all accounts to be collectible.

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond the fiscal year end are recorded as prepaid assets.

Capital Assets

Capital assets are recorded at historical cost or estimated historical cost when historical cost is not available. Donated capital assets are recorded at market value on the date donated. Maintenance and normal repairs are expensed as incurred. Replacements or repairs which improve or extend the asset lives are capitalized.

Depreciation has been provided over the estimated useful lives of the assets using the straight-line method. The estimated useful lives are as follows:

Equipment	5 years
Vehicle	5 years
Building	50 years

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The Agency reports deferred outflows of resources for its pension plan.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Agency reports deferred inflows of resources for its pension plan.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Compensated Absences

Vested or accumulated sick leave, holiday pay, and vacation pay is recorded as an expense and liability as the benefits accrue to employees. In accordance with the provisions of Governmental Accounting Standards (GASB) Statement No. 16, Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

Net Position

Net position represent the difference between assets and liabilities. The Agency's net position are classified as follows:

> Invested in capital assets, net of related debt — This represents the Agency's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt.
>
> Restricted net position-expendable — Restricted expendable net position represent resources which are legally or contractually obligated to be spent in accordance with restrictions imposed by external third parties.
>
> Unrestricted net position — Unrestricted net position represent resources derived from franchise fees. These resources are used for transactions relating to the general operations of the Agency, and may be used at the discretion of the governing board to meet current expenses for any purpose.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the Agency's policy is to first apply the expense toward restricted resources, and then towards unrestricted resources.

Operating Revenue and Expense

The Agency distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from receiving commercial and residential waste in connection with the Agency's principal ongoing landfill operations. The principal operating revenues of the Agency are franchise fees. Operating expenses for the Agency include the cost of operating the landfill, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Agency has contracted with Waste Connections of California (Waste Connections) to operate the landfill including collecting the gate fees. Waste Connections pays the Agency a franchise fee of 12.36% of tipping fees received. Waste Connections also pays the Agency a fee of 5% of special charges. As of February 1, 2014, Waste Connections pays a flat fee of $38,000 per month to the Agency.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. CASH AND INVESTMENTS

At June 30, 2024, the Agency’s pooled cash and investments consisted of the following stated at fair market value:

	<1 year	1 to 5 years	Total
Cash and investments with the Tehama County Treasurer	$ 6,973,968	$ -	$ 6,973,968
Petty cash	300	-	300
Total cash and invesments	$ 6,974,268	$ -	$ 6,974,268

As required by the Agency's joint powers agreement, the Tehama County Treasurer is designated as the depository of the Agency. The County Treasurer follows the practice of pooling cash and investments of all funds except for deposits required to be held separately based on contractual requirements or when necessary for operational purposes. Interest income earned on pooled cash and investments is allocated quarterly to the various funds based on the daily cash balances.

The County Treasury's Pooled Money Investment account's weighted average maturities was 3.72 years at June 30, 2024.

Copies of the County's audited financial statements can be obtained from the Tehama County Auditor-Controller's Office, 444 Oak Street, Red Bluff, California 96080.

The pooled treasury has regulatory oversight from the Tehama County Treasury Oversight Committee in accordance with California Government Code requirements.

In addition to the Tehama County Treasury's pooled cash and investments, the Treasurer maintains Agency deposits in one local financial institution.

All cash held by financial institutions is collateralized by securities that are held by the broker or dealer, or by its trust department or agent, but not in the Agency's name.

2. CASH AND INVESTMENTS, CONTINUED

Risk Information — Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity its fair value is to changes in market interest rates. California Government Code Section 53601 limits the County's investments to maturities of five years or less.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation to the holder of the investment. This is measured by ratings assigned by nationally-recognized organizations. The Agency's investment in the county investment pool is unrated.

Concentration risk is defined as positions of 5% or more in the securities of a single issuer. In accordance with the Agency's joint powers agreement, all funds are held in the county investment pool.

Custodial credit risk is the risk that, in the event of the failure of the counterparty (e.g., financial institution, broker-dealer) to a transaction, a government will not be able to recover the value of its cash and investments or collateral securities that are in the possession of another party. For deposits, the California Government Code requires California banks and savings and loan associations to secure the JPA's deposits by pledging government securities as collateral. The market value of pledged securities must equal 110 percent of an entity's deposits. California law also allows financial institutions to secure an entity's deposits by pledging first trust deed mortgage notes having a value of 150 percent of an entity's total deposits. For investments, the Agency does not have a policy to address this risk.

3. CAPITAL ASSETS

Changes in capital assets and depreciation were as follows:

	July 1, 2023	Additions	Deletions	Adjustments	June 30, 2024
Nondepreciable assets:					
Land	$ 279,207	$ -	$ -	$ 4,137,777	$ 4,416,984
Total nondepreciable assets	279,207	-	-	4,137,777	4,416,984
Depreciable assets:					
Equipment	280,955	-	-	1,531,632	1,812,587
Facilities and Improvements	7,779,608	-	-	(5,584,259)	2,195,349
Computers and Office Equipment	9,238	-	-	(9,238)	-
Vehicles	126,367	-	-	-	126,367
Building	1,324,612	-	-	(207,808)	1,116,804
Methane Gas System	497,105			-	497,105
Total depreciable assets	10,017,885	-	-	(4,269,673)	5,748,212
Total	10,297,092	-	-	(131,896)	10,165,196
Less: accumulated depreciation	(3,889,119)	68,142	-	420,440	(3,400,537)
Net depreciable assets	6,128,766	68,142	-	(3,849,233)	2,347,675
Total capital assets	$ 6,407,973	$ 68,142	$ -	$ 288,544	$ 6,764,659

Depreciation expense was $68,142 for the year ended June 30, 2024.

4. ACCRUED CLOSURE AND POST CLOSURE CARE COSTS

State and federal laws and regulations require the Agency to place a final cover on the Tehama County landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure.

Although closure and postclosure care costs will be paid only near or after the date the landfill stops accepting waste, the Agency reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of fiscal year end.

4. ACCRUED CLOSURE AND POSTCLOSURE CARE COSTS, CONTINUED

The Landfill has been developed in two distinct phases (Phase 1 and Phase 2). Accrued closure and postclosure care costs at June 30, 2024 consist of the following:

	June 30, 2024
Proportionate share of estimated closure and postclosure care costs based on usage at end of year:	
Phase 1	$ 5,525,083
Phase 2	4,361,270
	9,886,353
Less cumulative closure and postclosure care costs incurred as of year end	5,163,798
Total accrued closure and postclosure care costs	$ 4,722,555

The information below reflects significant changes to total estimated capacity of Phase 1 and estimated closure and postclosure care costs for both Phase 1 and Phase 2. These changes are the result of the Agency's Five Year Review of the Solid Waste Facility Permit, which was finalized in 2014, and the contract bid for the closure of Phase 1.

The proportionate share of the estimated closure and postclosure care costs for Phase 1 is based on estimates of 100.00% usage of Phase 1 total capacity at June 30, 2024. The Agency has recognized the excess estimated cost of closure and postclosure care for Phase 1 of $236,667, as the remaining capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care of Phase 1 in 2024. Actual costs may be higher because of inflation, changes in technology, or changes in regulations. The Agency expects to close Phase 1 of the Landfill during fiscal year ended June 30, 2024.

During the year ending June 30, 2024 the landfill operator contracted with an engineering firm to determine the landfill capacity used during the year and the remaining capacity of the landfill based on an analysis of aerial views of the landfill. Based on this analysis, the remaining capacity of the landfill was estimated to be -0- cubic yards for Phase 1 and 1,943,230 cubic yards for Phase 2.

4. ACCRUED CLOSURE AND POSTCLOSURE CARE COSTS, CONTINUED

The Agency is required by state and federal laws and regulations to make annual contributions to a trust to finance closure care for Phase 1 and 2. The Agency is in compliance with these requirements at June 30, 2024, with cash and investments of $1,424,078 held for that purpose. These are reported as restricted cash and investments on the balance sheet. The Agency expects future inflation costs to be paid from interest earnings on these annual contributions, along with closure trust fund contributions of $1 per cubic yard of airspace consumed for Phase I and $3 per cubic yard of airspace consumed for Phase II. However, if interest earnings are inadequate or additional closure care requirements are determined (because of changes in technology or applicable laws and regulations, for example), these costs may need to be covered by charges to future landfill users or from future tax revenue.

The Agency is not required to accumulate funds to finance postclosure costs as the County of Tehama has adopted, by ordinance, an assurance to provide revenues for postclosure care costs if sufficient trust funds are not accumulated. However, the Agency believes interest earnings on funds accumulated to date and closure fees, may be sufficient to finance the unfunded portion of the postclosure care costs.

Due to variations in engineer’s estimates from year to year based upon settlement and other factors, the remaining balances may fluctuate up or down from year to year. It is because of these factors that the State of California requires an annual engineering study to more closely estimate the remaining costs.

5. NET POSITION

Net position at June 30, 2024 consisted of the following:

	June 30, 2024
Net Investment in Capital Assets	$ 6,764,659
Restricted	1,219,022
Unrestricted	824,401
	$ 8,808,082

Net Investment in Capital Assets - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.

Restricted – This amount consists of resources which are legally or contractually obligated to be spent in accordance with restrictions imposed by external third parties.

Unrestricted - This amount is all net assets that do not meet the definition of "*net investment in capital assets*".

6. INSURANCE COVERAGE AND RISK MANAGEMENT

The Agency is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended June 30, 2024, the Agency carried insurance through various commercial carriers to cover all risks of losses. The Agency has had no settled claims resulting from these risks that exceeded its commercial coverage in any of the past three fiscal years. During the year ended June 30, 2024, the Agency did not reduce insurance coverages from coverage levels in place as of June 30, 2024.

7. PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)

A. General Information about the Pension Plans

***Plan Descriptions* -** The Agency contributes to the California Public Employees' Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan as a component of the County of Tehama.

PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and Agency ordinance. Copies of PERS' annual financial report may be obtained from their Executive Office - 400 P Street Sacramento, CA 95814.

Funding Policy - Active members in the Counties Miscellaneous Plan are required to contribute 7% of their covered salary. The County contributes 100% of the employee portion. The Agency is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The average active employee contribution rate for the fiscal year ended June 30, 2014, the measurement date, was 6.736% and the employer's average contribution rate for the miscellaneous plan was 13.681% . The contribution requirements of plan members is established by State statute and the employer contribution is established and may be amended by PERS.

Benefits Provided - CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

7. PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS), Continued

A. General Information about the Pension Plans, Continued

The Plan's provisions and benefits in effect at June 30, 2024, are summarized as follows:

	Miscellaneous Plan
	PEPRA
Hire date	On or after January 1, 2013
Benefit formula	2% @ 62
Benefit vesting schedule	5 years service
Benefit payments	monthly for life
Retirement age	60
Monthly benefits, as a % of eligible compensation	2.00%
Required employee contribution rates	7.00%
Required employer contribution rates	8.01%

Employees hired July 1, 2012 and thereafter pay the full 7% employee contribution per adopted Mutual of Understanding if the employee is considered a "Classic" employee under PEPRA.

Contributions - Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan is determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is based on the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Agency is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2024, the contributions recognized as part of pension expense for the Plan were as follows:

	Miscellaneous
Contributions - employer	$ 25,187

7. PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS), Continued

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2024, the Agency reported a net pension liability for its proportionate shares of the net pension liability of the Plan as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	$ 330,661
Total Net Pension Liability	$ 330,661

The County's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2023, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022 rolled forward to June 30, 2023 using standard update procedures. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The County's proportionate share of the net pension liability for the Plan as of June 30, 2024 was as follows:

	Miscellaneous
Proportion - June 30, 2023	0.42000%
Proportion - June 30, 2024	0.36959%
Change - Increase (Decrease)	-0.05041%

For the year ended June 30, 2024, the Agency recognized pension credit of $41,957. At June 30, 2024, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources, as determined by the County as follows:

7. PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS), Continued

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	$ 8,331	$ -
Differences between Expected and Actual Experience	12,773	4,194
Differences between Projected and Actual Investment Earnings	37,138	-
Pension Contributions Made Subsequent to Measurement Date	25,187	-
	$ 83,429	$ 4,194

$25,187 reported as deferred outflows of resources related to contributions subsequent to the measurement date and changes in proportions will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30	
2025	$ 18,650
2026	8,385
2027	29,972
2028	1,041
2029	-
Thereafter	-

7. PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS), Continued

Actuarial Assumptions - The June 30, 2022 valuation was rolled forward to determine the June 30, 2023 total pension liability based on the following actuarial methods and assumptions.

Actuarial Assumptions	
Valuation date	June 30, 2022
Measurement date	June 30, 2023
Actuarial cost method	Entry-age normal cost method
Actuarial assumptions:	
Inflation	2.5%
Salary Increases	Varies by entry age and service
Payroll Growth	2.75%
Investment Rate of Return	7.00% net of pension plan investment and administrative expenses; includes inflation
Retirement Age	The probabilities of retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.

***Discount Rate* -** The discount rate used to measure the total pension liability was 6.9 percent for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 6.9 percent discount rate is adequate, and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 6.9 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

7. PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS), Continued

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long-term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	Assumed Asset Allocation
Global Public Equity	
Market Capitalization Weighted	30%
Factor Weighted	12%
Private Equity	13%
Income	
Treasuries	5%
Mortgage-backed Securities	5%
Investment Grade Corporates	10%
High Yield Bonds	5%
Emerging Market Sovereign Bonds	5%
Real Assets	15%
Private Debt	5%
Leverage	-5%
	100%

7. PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS), Continued

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate
The following presents the County's proportionate share of the net pension liability for the Plan, calculated using the discount rate for Plan, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (5.9%)	Discount Rate (6.9%)	1% Increase (7.9%)
Miscellaneous	$ 473,664	$ 330,661	$ 212,041

Pension Plan Fiduciary Net Position -Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

At June 30, 2024, the County had no outstanding payable amounts for contributions to the pension plan required for the year ended June 30, 2024.

8. COMMITMENTS AND CONTINGENCIES

The Agency is subject to general risk and exposure due to normal operations in the course of business. These risks involve various claims against the Agency, both asserted and unasserted, all of which management considers to be immaterial to these financial statements.

9. NEW ACCOUNTING PRONOUNCEMENTS

The GASB has issued Statement No. 99, "*Omnibus 2022*." The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements related to leases, PPPs, and SBITAs will take effect for financial statements starting with the fiscal year that ends4. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 will take effect for financial statements starting with the fiscal year that ends June 30, 2024. The implementation of this statement did not have an effect on the financial statements.

9. NEW ACCOUNTING PRONOUNCEMENTS, Continued

The GASB has issued Statement No. 100, "*Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*." The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2024. The implementation of this statement did not have an effect on the financial statements.

The GASB has issued Statement No. 101, "*Compensated Absences*." The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends December 31, 2024.

The GASB has issued Statement No. 102, "*Certain Risk Disclosures*." The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information that currently is not often provided. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a government's financial condition. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2025.

The GASB has issued Statement No. 103, "*Financial Reporting Model Improvements*." The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2026.

10. SUBSEQUENT EVENTS

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through June 27, 2025, which is the date the financial statements were available to be issued.

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REQUIRED SUPPLEMENTARY INFORMATION

Tehama County Solid Waste Management Agency
Required Supplementary Information

Last 10 Fiscal Years

Schedule of the Agency's Proportionate Share of the Net Pension Liability

	2024	2023	2022
Plan's Proportion of the Net Pension Liability/(Asset)	0.36959%	0.42000%	0.00145%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	$ 330,661	$ 391,908	$ 243,390
Plan's Covered-Employee Payroll	$ 201,684	n/a	$ 203,247
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	163.95%	n/a	119.75%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan’s Total Pension Liability	71.30%	71.50%	86.95%
Plan's Proportionate Share of Aggregate Employer Contribution			

Notes to Schedule:
Changes of benefit terms - In 2019, there were no changes to the benefit terms.
Changes in assumptions - In 2019, there were changes in the rate of return assumptions. See pension footnotes

Schedule of Contributions

	2024	2023	2022
Contractually required contribution (actuarially determined)	$ 25,187	$ 18,744	$ 2,022
Contributions in relation to the actuarially determined contributions	(25,187)	(18,744)	(2,022)
Contribution deficiency (excess)	$ -	$ -	$ -
Covered-employee payroll	$ 201,684	n/a	$ 203,247
Contribution as a percentage of covered-employee payroll	12.49%	n/a	0.99%

2021	2020	2019	2018	2017	2016	2015
0.00370%	0.00330%	0.00145%	0.00690%	0.00315%	0.00315%	0.01348%
$ 263,297	$ 266,805	$ 243,390	$ 217,269	$ 224,399	$ 117,241	$ 117,241
$ 190,797	$ 174,390	$ 172,364	$ 160,473	$ 147,824	$ 136,108	$ 149,573
138.00%	152.99%	141.21%	135.39%	151.80%	86.14%	73.38%
86.95%	86.95%	86.95%	84.43%	82.89%	82.89%	85.62%

2021	2020	2019	2018	2017	2016	2015
$ 17,849	$ 15,374	$ 29,940	$ 21,897	$ 22,815	$ 14,603	$ 16,968
(17,849)	(15,374)	(29,940)	(21,897)	(22,815)	(14,603)	(16,968)
$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ 190,797	$ 174,390	$ 172,364	$ 160,473	$ 147,824	$ 136,108	$ 149,573
9.35%	8.82%	17.37%	13.65%	15.43%	10.73%	11.34%

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Tehama County Solid Waste Management Agency
Red Bluff, California

We have audited, in accordance with the auditing standard generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, the financial statements of Tehama County Solid Waste Management Agency (Agency) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Tehama County Solid Waste Management Agency's basic financial statements, and have issued our report thereon dated June 27, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we considered to be material weaknesses. However, material weaknesses may exist that we have not identified.

Board of Directors
Tehama County Solid Waste Management Agency
Red Bluff, California

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

JJACPA, Inc.

June 27, 2025

JJACPA, Inc.
Dublin, CA